

TOP SECRET

NIE 100-7-55 (1 Nov 1955), World Situation and Trends

WORLD SITUATION AND TRENDS**FOREWORD**

The focus of this estimate is primarily on prospective trends in the global power struggle between the Bloc and the Free World over the next several years. Any such global projection is necessarily highly speculative. Among other things it cannot, as an intelligence estimate, take full account of US policies, which will have a great impact and will doubtless be altered somewhat if only in response to such trends as those projected herein.

ESTIMATE**I. THE CURRENT WORLD SITUATION**

1. The salient feature of the present global situation is a change in the character of the East-West conflict. Three factors appear to have brought about this change: the growing number and destructiveness of nuclear weapons, the growth of Western strength and unity in response to the postwar Communist threat, and (at least partly as a result) the subsequent shift in Bloc tactics. The change in the external manifestations of Bloc behavior has been extensive, but the activities of the international Soviet network of subversion and espionage continue at a high level, the USSR has made no major concessions of substance, and we see no evidence of any alteration in basic Soviet objectives.

2. In the immediate postwar period the Kremlin aimed at capitalizing on the war-weariness of the non-Communist world to consolidate and expand Communist influence and power. To this end, the USSR generally showed itself under Stalin's leadership uncompromising in negotiation, abusive in propaganda, and aggressive in action. It was soon joined by Communist China. Eventually, however, the Soviet and Chinese conduct brought forth a vigorous Western reaction, developed under US leadership. Full mobilization of Free

World counterstrength was precluded by wide variations among Free World countries in the degree of their concern over the Communist threat, and by their preoccupation with internal problems, colonial issues, or other disputes. Nevertheless, there was an increasing tendency toward division of the world into two armed and hostile camps.

3. *The Shift in Soviet Policy.* The increase in Free World will and ability to resist led to a narrowing of opportunities for Bloc expansionism and a growing risk that local military aggression would lead to general war, which the Soviet leaders apparently desired to avoid. Faced with a world situation increasingly inhospitable to their aims, the Soviet leaders began to seek a way to restore their maneuverability short of the alternative extremes of war or of accommodation at unacceptable cost. Especially since early 1955, these leaders have become less openly belligerent in their attitudes and have made a series of conciliatory gestures. They ceased the USSR's long standing procrastination on an Austrian peace treaty, indicated apparent willingness to accept some important aspects of the Western position on disarmament, reduced the hostility of their propaganda, and substantially increased Soviet contacts with the West. The

TOP SECRET

TOP SECRET

USSR at the "Summit" Conference and since has sought more or less consistently to convince the Free World that it is possible to establish conditions of "mutual trust."

4. A complex of factors probably shaped the new Soviet policy. The immediate impetus was probably supplied by the prospective rearmament of West Germany, which appeared to be finally confirmed by the ratification of the Paris Accords in February 1955. However, influencing in a more general way all Soviet policy considerations must be a realization of the destructive power of nuclear weapons and of the fact that at present US nuclear capabilities greatly exceed those of the USSR. At least as long as this gap exists the Soviet leaders will almost certainly wish to minimize the risks of general war. Also in the background of Soviet policy-making may be the mounting economic burden of the military establishment, especially manifest in the increasing costs of new weapons systems. Further large annual increases in military expenditures would in time force the USSR to pay a price in reduction of the high rate of economic growth which has always been a basic Soviet aim. The Soviet leaders may believe that a period of relaxed international tensions would permit spreading the increasing costs of their military establishment over a longer period of time.

5. The death of Stalin was probably also a factor since it allowed his successors to exercise greater flexibility. The collective nature of the new leadership probably made it more responsive to the variety of pressures pointing toward a new policy. Finally, the new Soviet leaders probably concluded that a reduction in international tensions, if achieved, would promote the opening of rifts in the Western coalition, bring about a decline in the Western defense effort, and thus offer profitable new opportunities for Communist political action.

6. But while the USSR clearly desires a less tense relationship with the Western Powers, it apparently seeks to achieve this on the basis

¹For a fuller analysis of Soviet motivations see NIE 11-13-55, "Soviet Foreign Policy in the Light of the Summit Conference," dated 4 October 1955.

of the territorial status quo, at least in Europe, and without any settlements which would impair the Soviet power position. The Soviet leaders have been intransigent on Germany, and have rejected even discussion of the status of the European Satellites or of international Communism. The Free and Communist Worlds are still far apart on main issues, except possibly on some phases of the disarmament question.

7. Communist China has adopted a course generally similar to that of the USSR. At the Bandung Conference Peiping stepped up its policy of wooing its fellow Asian states. While steadily reinforcing its military threat in the Taiwan Strait area and firmly reiterating its claims to Taiwan, Peiping also apparently believes that for the present it is necessary to move toward its objectives by political action.

8. Meanwhile, Peiping and Moscow are turning to a new cold war offensive, involving for the first time the use of military and economic aid to non-Communist countries. Particularly notable is their new emphasis on the highly vulnerable areas of South Asia and the Middle East. The Bloc is offering expanded trade and economic and technical assistance, often on highly favorable terms, to a number of countries. Most recently it has made arms available to Egypt and is offering them to Syria and Saudi Arabia as well as to Austria and Finland.

9. *The Free World Reaction.* The Free World's reaction to the shift in Bloc policy must be considered against the background of growing concern over the devastating consequences of all-out nuclear war. The most important effect of growing nuclear capabilities is to diminish the willingness of most governments and peoples to incur risks of war. This has led in turn to growing public pressures for a reduction of cold war tensions, for negotiations toward East-West settlements, and for some form of disarmament.

10. Against this background the shift in Bloc conduct has already had a marked impact on the non-Communist world. It has inspired widespread belief that the likelihood of gen-

TOP SECRET